

117TH CONGRESS  
1ST SESSION

# H. R. 1369

To amend the Internal Revenue Code of 1986 to provide bonus depreciation for certain space launch expenditures, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2021

Mr. POSEY (for himself and Mr. CRIST) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide bonus depreciation for certain space launch expenditures, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Space Com-  
5 merce Act of 2021”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The United States is the only nation with  
9 a competitive commercial space launch industry.

1           (2) A robust domestic launch industry and ca-  
2           pability is crucial to the United States' continuing  
3           economic, national security, scientific, and explo-  
4           ration leadership.

5           (3) Commercial space launch vehicles manufac-  
6           tured and launched in the United States by United  
7           States launch service providers benefit national secu-  
8           rity and the national economy, earth and space  
9           science, and human spaceflight, and are enablers of  
10          the global space economy.

11          (4) Commercial space launch vehicles manufac-  
12          tured and launched in the United States by United  
13          States launch service providers are used for virtually  
14          all United States national security payloads, and  
15          therefore, are indispensable to the security of the  
16          United States, as well as its allies and friends.

17          (5) Multiple American companies are developing  
18          small launch vehicles to compete in the domestic and  
19          international commercial launch market. These com-  
20          panies are financed predominately by private capital,  
21          are independently developing capabilities, and are  
22          primarily serving commercial customers.

23          (6) Several foreign governments have taken no-  
24          tice of U.S. market growth and have begun to fund  
25          their own vehicles to compete within the same mar-

1 ket. While some of these international vehicles are  
2 putatively “private,” most benefit from subsidies or  
3 developmental support from their national govern-  
4 ments.

5 (7) The 2019 Report to Congress of the United  
6 States-China Economic and Security Review Com-  
7 mission stated, “China is taking steps to establish a  
8 commanding position in the commercial launch and  
9 satellite sectors relying in part on aggressive state-  
10 backed financing that foreign market-driven compa-  
11 nies cannot match”.

12 (8) The report further adds, “China has al-  
13 ready succeeded in undercutting some U.S. and  
14 other foreign launch and satellite providers in the  
15 international market, threatening to hollow out these  
16 countries’ space industrial bases”.

17 (9) China announced a plan to advance its  
18 Space ambitions by creating a Space Economic Zone  
19 to generate \$10 trillion annually.

20 (10) The U.S. commercial launch industry,  
21 whose viability the National Aeronautics and Space  
22 Administration and the Department of Defense de-  
23 pend on to launch critical national assets, is forced  
24 to compete with state-backed launch enterprises

1 across the globe whose launch providers are not re-  
2 quired to be profitable.

3 (11) A strong domestic space launch industry is  
4 in the national security interest of the United  
5 States.

6 (12) Foreign launch providers are heavily sub-  
7 sidized by their governments and use these subsidies  
8 to intentionally price below cost in an effort to un-  
9 dertcut American competition, materially harming the  
10 American industrial base.

11 (13) Increased use of United States-manufac-  
12 tured commercial launch vehicles launched in the  
13 United States by United States launch service pro-  
14 viders should be encouraged.

15 (14) Congress supports continued United States  
16 leadership in space.

17 **SEC. 3. SPECIAL ALLOWANCE FOR QUALIFIED DOMESTIC**  
18 **SPACE LAUNCH PROPERTY.**

19 (a) ALLOWANCE OF BONUS DEPRECIATION FOR  
20 QUALIFIED DOMESTIC SPACE LAUNCH PROPERTY.—Sec-  
21 tion 168(k)(2)(A) of the Internal Revenue Code of 1986  
22 is amended in clause (i), by striking “or” at the end of  
23 subclause (III), by striking “or” at the end of subclause  
24 (IV), by adding “or” at the end of subclause (V), and by  
25 adding at the end the following new subclause:

1                   “(VI) which is qualified domestic  
2                   space launch property (as defined in  
3                   paragraph (11)),”.

4           (b) EXTENSION OF TERMINATION OF BONUS DEPREE-  
5 CIATION FOR QUALIFIED DOMESTIC SPACE LAUNCH  
6 PROPERTY.—

7           (1) IN GENERAL.—Section 168(k)(2)(A)(iii) of  
8           the Internal Revenue Code of 1986 is amended by  
9           striking “before January 1, 2027.” and inserting  
10           “before January 1, 2027 (in the case of qualified do-  
11           mestic space launch property, before January 1,  
12           2033).”.

13           (2) APPLICATION OF APPLICABLE PERCENT-  
14           AGE.—Section 168(k)(6) of such Code is amended  
15           by adding at the end the following new subpara-  
16           graph:

17                   “(D) RULE FOR QUALIFIED DOMESTIC  
18           SPACE LAUNCH PROPERTY.—Notwithstanding  
19           any other provisions of this paragraph, in the  
20           case of any qualified property which is qualified  
21           domestic space launch property, the term ‘appli-  
22           cable percentage’ means, in the case of property  
23           placed in service after December 31, 2023, and  
24           before January 1, 2033, 100 percent.”.

1           (c) QUALIFIED DOMESTIC SPACE LAUNCH PROP-  
2   ERTY DEFINED.—Section 168(k) of the Internal Revenue  
3   Code of 1986 is amended by adding at the end the fol-  
4   lowing new paragraph:

5           “(11) QUALIFIED DOMESTIC SPACE LAUNCH  
6   PROPERTY DEFINED.—For purposes of this sub-  
7   section—

8           “(A) IN GENERAL.—The term ‘qualified  
9   domestic space launch property’ means property  
10   placed in service before January 1, 2033, that  
11   is—

12           “(i) a space transportation vehicle or  
13   payload (as such terms are defined in sec-  
14   tion 50101 of title 51, United States Code)  
15   that is launched from the United States, or

16           “(ii) other property or equipment  
17   placed in service for the purpose of facili-  
18   tating a space launch from the United  
19   States.

20           “(B) SPECIAL RULE FOR SPACE LAUNCHES  
21   FROM AIRCRAFT.—A space transportation vehi-  
22   cle or payload that is launched from an aircraft  
23   shall be considered to be launched from the  
24   United States if, and only if, such space trans-  
25   portation vehicle or payload is—

1                   “(i) substantially manufactured within  
2                   the United States, as determined by the  
3                   Secretary, and

4                   “(ii) launched from an aircraft on a  
5                   flight that originated from United States  
6                   soil.

7                   “(C) UNITED STATES.—The term ‘United  
8                   States’ includes the possessions of the United  
9                   States.”.

10           (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to property placed in service after  
12 December 31, 2023.

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